

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4359**

OFFERED BY MR. _____

Strike all after the enacting clause and insert the following:

**1 SECTION 1. INCREASE IN AND EXPANSION OF CHILD TAX
2 CREDIT.**

3 (a) IN GENERAL.—Subsection (a) of section 24 of the
4 Internal Revenue Code of 1986 (relating to child tax cred-
5 it) is amended to read as follows:

6 “(a) ALLOWANCE OF CREDIT.—There shall be al-
7 lowed as a credit against the tax imposed by this chapter
8 for the taxable year with respect to each qualifying child
9 of the taxpayer an amount equal to \$1,000.”.

10 (b) ADJUSTMENT OF CREDIT AMOUNT FOR INFLA-
11 TION.—Section 24 of such Code is amended by adding at
12 the end the following new subsection:

13 “(g) INFLATION ADJUSTMENT .—In the case of any
14 taxable year beginning in a calendar year after 2005, the
15 \$1,000 amount contained in subsection (a) shall be in-
16 creased by an amount equal to—

17 “(1) such dollar amount, multiplied by

18 “(2) the cost-of-living adjustment determined
19 under section 1(f)(3) for the calendar year in which
20 the taxable year begins,

1 determined by substituting ‘calendar year 2004’ for ‘cal-
2 endar year 1992’ in subparagraph (B) thereof. Any in-
3 crease determined under the preceding sentence shall be
4 rounded to the nearest multiple of \$50.”.

5 (c) RESTORATION OF \$10,000 THRESHOLD FOR RE-
6 FUNDABLE PORTION OF CREDIT.—Subsection (d) of sec-
7 tion 24 of such Code is amended by striking paragraph
8 (3).

9 (d) ACCELERATION OF INCREASE IN REFUNDABLE
10 PORTION OF CREDIT.—Clause (i) of section 24(d)(1)(B)
11 of such Code is amended by striking “(10 percent in the
12 case of taxable years beginning before January 1, 2005)”.

13 (e) COMBAT PAY TAKEN INTO ACCOUNT IN DETER-
14 MINING REFUNDABLE PORTION OF CREDIT.—Paragraph
15 (1) of section 24(d) of such Code is amended by adding
16 at the end the following new sentence: “For purposes of
17 subparagraph (B), any amount excluded from gross in-
18 come by reason of section 112 shall be treated as earned
19 income which is taken into account in computing taxable
20 income for the taxable year.”.

21 (f) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years beginning after
23 December 31, 2003.

24 (g) REPEAL OF SUNSET.—Title IX of the Economic
25 Growth and Tax Relief Reconciliation Act of 2001 shall

1 not apply to the provisions of, and amendments made by,
2 sections 201 and 203 of such Act.

3 **SEC. 2. BENEFITS EXTENSION NOT TO INCREASE FEDERAL**
4 **BUDGET DEFICIT.**

5 (a) IN GENERAL.—Section 1 of the Internal Revenue
6 Code of 1986 is amended by adding at the end the fol-
7 lowing new subsection:

8 “(j) ADDITIONAL TAX ON HIGH INCOME TAX-
9 PAYERS.—In the case of taxable years beginning in cal-
10 endar year 2005, 2006, 2007, 2008, 2009, or 2010, the
11 amount determined under subsection (a), (b), (c), or (d),
12 as the case may be, shall be increased by 2.75 percent
13 of so much of adjusted gross income as exceeds
14 \$1,000,000 in the case of individuals to whom subsection
15 (a) applies (\$500,000 in any other case).”

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to taxable years beginning after
18 December 31, 2004.

19 **SEC. 3. REQUIREMENT THAT CONGRESS BALANCE THE**
20 **BUDGET WITHOUT USING THE MEDICARE**
21 **AND SOCIAL SECURITY TRUST FUNDS.**

22 (a) IN GENERAL.—Notwithstanding the provisions of
23 section 1 of this Act and any other provision of law, title
24 IX of the Economic Growth and Tax Relief Reconciliation
25 Act of 2001 shall take effect in the form as originally en-

1 acted unless Congress meets the requirements of sub-
2 section (b).

3 (b) REQUIREMENTS.—Congress meets the require-
4 ments of this subsection if—

5 (1) before September 1, 2010, Congress has en-
6 acted comprehensive Federal budget legislation, and

7 (2) the Director of the Office of Management
8 and Budget certifies in September of 2010 that such
9 legislation—

10 (A) will result in a balanced Federal budg-
11 et by fiscal year 2014, determined by taking in
12 to account the costs of the foregoing provisions
13 of this Act and without taking into account the
14 receipts and disbursements of the Social Secu-
15 rity and Medicare Trust Funds, and

16 (B) will substantially reduce the United
17 States Government's reliance on Foreign cen-
18 tral bank purchases of its debt obligations.